



BLACK MOUNTAIN UTILITY DISTRICT

609 FOURMILE ROAD • BAXTER, KY 40806

Phone 1-606-573-1277

Fax: 1-606-573-1276

September 22, 2003

RECEIVED

SEP 23 2003

PUBLIC SERVICE
COMMISSION

Mr. Tom Dorman, Director
Public Service Commission
P. O. Box 615
Frankfort, KY 40601

Mr. Tom Dorman:

As Chairman of Black Mountain Utility District, I have been instructed by the Board of Directors to inform you that we are contesting the latest rate increase that we have received from Harlan Municipal Water Works. During the last week of August, we received a letter from Harlan Municipal Water Works informing us that our water rates with them would increase effective October 1 by 31.5%.

Since we have no documentation from them as to how these rates were developed, we are unable to determine if these rates are correct. Additionally, most of our customer base is made up of low income households, this amount of increase will put a substantial burden on them.

Given the fact that we have never contested a rate increase from our supplier, we are unsure of what steps we need to take other than informing you that we move to intervene in this filing by protesting this increase. Please advise us as to what steps we need to take, if any, so that the Board can make the proper moves in this protest.

If you need additional information, please forward your request to the address above or fax that information to 606-573-1276.

Respectfully,

Sherry Ayers, Chairman

Cc: Board Members
Charles H. Guyn

File: bmud-psc

FOR Harlan, Kentucky
Name of Municipality

P.S.C. KY. NO. 1

Original SHEET NO. 1

CANCELLING P.S.C. KY. NO.

 SHEET NO.

Harlan Municipal Water Works
(Name of Municipal Utility)

RATES AND CHARGES

RATE SCHEDULE FOR:

Black Mountain Utility District

First	2,000 gallons	\$13.08	Minimum Bill
Next	8,000 gallons	3.95	per 1,000 gallons
Next	15,000 gallons	3.62	per 1,000 gallons
Next	75,000 gallons	3.18	per 1,000 gallons
Over	100,000 gallons	2.83	per 1,000 gallons

DATE OF ISSUE AUGUST 26, 2003
Month / Date / Year

DATE EFFECTIVE OCTOBER 1, 2003
Month / Date / Year

ISSUED BY G. J. Lewis, Supt.
(Signature of Officer)

TITLE Superintendent, Hmww

T64- 1126

HARLAN MUNICIPAL WATER WORKS
P O BOX 114
HARLAN, KENTUCKY 40831-0114
PHONE: 606/573-1540
FAX: 606/573-1543

August 22, 2003

Mr. Tom Dorman
Public Service Commission
Tariff Branch
P O Box 615
Frankfort, Kentucky 40602

RECEIVED
AUG 26 2003
PUBLIC SERVICE
COMMISSION

RE: New Water Rate Structure

Dear Mr. Tom Dorman:

The Harlan Municipal Water Works (HMWW) Board of Commission has recently implemented a new water rate structure to generate additional revenue required to cover costs incurred with its Water Treatment Plant Improvement Project. This Project, once completed, will bring our thirty four (34) year old treatment facilities up to date, enable it to meet new and future EPA requirements, enhance our treatment process to enable us to produce an even better quality of water, increase our production capacity which will enhance our role as regional provider, and enable us to continue to provide safe potable drinking water for hopefully another thirty four years.

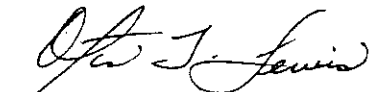
I have included herewith a copy of our old and new rate structures and the resolution adopting the new rate structure. The new water rate structure was approved by the Harlan City Council during its Regular Meeting on August 11, 2003 and also the HMWW Board of Commission followed by passing a Resolution placing the new rate structure in effect during its Regular Meeting on August 21, 2003.

The new rate structure will be effective beginning with October 1, 2003 billing .

Please feel free to contact me at 606-573-1540 should you have any questions.

Sincerely,

HARLAN MUNICIPAL WATER WORKS



Otis T. Lewis, Supt.

***HARLAN MUNICIPAL WATER WORKS
P O BOX 114
HARLAN, KENTUCKY 40831-0114
PHONE: 606-573-1540
FAX: 606-573-1543***

The following new water rate schedule becomes effective beginning on the October 1, 2003 billing.

First 2, 000 gallons (minimum)-----	\$13.08
Next 8,000 gallons (per 1,000 gallons)-----	\$3.95
Next 15,000 gallons (per 1,000gallons)-----	\$3.62
Next 75,000 gallons (per 1,000 gallons)-----	\$3.18
Next over 100,000 gallons (per 1,000 gallons)-----	\$2.83

HARLAN MUNICIPAL WATER WORKS

P.O. BOX 114 - AREA CODE 608
PHONE (606) 573-1540
HARLAN, KENTUCKY 40831

The following new rates will become effective on the August billing cycle or the September 1, 1999 bills:

0 through 2,000 gallons	\$9.95
2,000 gallons to 10,000 gallons	\$3.00 per 1,000 gallons
over 10,000 to 25,000 gallons	\$2.75 per 1,000 gallons
over 25,000 gallons to 100,000 gallons	\$2.40 per 1,000 gallons
over 100,000 gallons	\$2.15 per 1,000 gallons

OR

0--2,000	GALLONS	-----\$9.95 (MINIMUM)
2,000--10,000	GALLONS	-----@.300 PER 100 GALLONS UNIT
10,000--25,000	GALLONS	-----@.275 PER 100 GALLONS UNIT
25,000--100,000	GALLONS	-----@.240 PER 100 GALLONS UNIT
100,000--BALANCE	GALLONS	-----@.215 PER 100 GALLONS UNIT

RESOLUTION AUTHORIZING ADJUSTMENT OF WATER RATES
TO FUND CONSTRUCTION OF
WATER TREATMENT PLANT IMPROVEMENTS

A regular meeting of the Harlan Municipal Water Works Commission was held at the Commission's office on River Street in Harlan, Kentucky on August 21, 2003 at which time all the Commissioners were present. Thereafter, the following Resolution was presented, to wit:

WHEREAS, the Harlan Municipal Water Works' consulting engineers have recommended acceptance of bid of W. Rogers Company, Inc. of Lexington, Kentucky for the construction of the Water Treatment Plant Improvements; and

WHEREAS, the Harlan Municipal Water Works Commission is responsible for setting water rates in order to insure sufficient revenue for the continued operation and improvement of the water utility operations; and

WHEREAS, the Harlan City Council has been presented the proposal for amended water rates and has voted as of August 11, 2003 to approve the proposed water rate; and

WHEREAS, the Harlan Municipal Water Works Commission is in agreement with the proposed and approved rates, now, therefore,

BE IT RESOLVED that the Harlan Municipal Water Works Commission hereby establishes a new rate structure based on the need to generate additional revenue to pay debt service associated with the Water Treatment Plant Improvement Project and for operation of the renovated treatment plant facility. The rate structure to be implemented is as follows, to wit:

First 2,000 gallons (minimum)	\$13.08
Next 8,000 gallons (per 1,000 gallons)	\$ 3.95
Next 15,000 gallons (per 1,000 gallons)	\$ 3.62
Next 75,000 gallons (per 1,000 gallons)	\$ 3.18
All over 100,000 gallons (per 1,000 gallons)	\$ 2.83

The foregoing rates shall become effective on October 1, 2003.

Motion having been made, seconded and adopted upon vote of the Commissioners
As follows, to wit:

Mark Bushnell Ave
Commissioner

[Signature] Ave
Commissioner

[Signature] Ave
Commissioner

Nay's: None

This 21 day of August, 2003.

Harlan Municipal Water
Works Commission

By: [Signature]
Chairman

Attest:

Melissa Allen
Harlan City Clerk